

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**I.D. #  
RESOLUTION E-4547  
February 28, 2013**

**RESOLUTION**

Resolution E-4547. Pacific Gas and Electric Company (PG&E) requests approval to revise Electric Rate Schedule LS-1, PG&E Owned Street and Highway Lighting, in order to correct an inconsistency of tariff language with a previous CPUC decision.

**PROPOSED OUTCOME:** This resolution grants the requests and authorizes PG&E to: 1) revise Special Condition 4 of Electric Rate Schedule LS-1; 2) credit 804 customers on approximately 31,728 streetlight poles for \$1.5 million; and 3) correct the facilities charges on approximately 6,607 lights on streetlight-only poles by reassigning them from Schedules LS-1A and LS-1B to Schedules LS-1D, E, and F.

**SAFETY CONSIDERATIONS:** This resolution corrects tariff language, facilities charges, and billing errors. Utilities are expected to comply with all federal and state safety regulations, including Public Utilities Code Section 451.

**ESTIMATED COST:** Customers who are now paying incorrect facilities charges will be credited approximately \$1.5 million. Going forward, there will also be an increase in PG&E's revenue of approximately \$5,667.00 per month from reassigning lights to correct schedules.

By PG&E Advice Letter 3975-E dated December 21, 2011.

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**SUMMARY**

**The California Public Utilities Commission (CPUC) approves PG&E's requests because: 1) PG&E's facilities charges of former Schedule LS-1A customers on streetlight-only poles are inconsistent with the tariff language, 2) the CPUC has authorized PG&E to reassign Schedule LS-1A and LS-1B customers on streetlight-only poles to Schedules LS-1D, E, and F in D.86-12-091.**

On December 21, 2011, PG&E requested authorization from the CPUC to: 1) revise Special Condition 4 of Electric Rate Schedule LS-1; 2) credit 804 customers on approximately 31,728 streetlight poles for \$1.5 million; and 3) correct the facilities charges on approximately 6,607 lights on streetlight-only poles by reassigning them from Schedules LS-1A and LS-1B to Schedules LS-1D, E, and F.

No protests were received.

This Resolution approves PG&E's request to revise Special Condition 4 of Electric Rate Schedule LS-1 to make it consistent with D.86-12-091; identify and credit former Schedule LS-1A customers on facilities charges; and correct rate schedules of approximately 6,607 lights on streetlight-only poles.

### **BACKGROUND**

Not all streetlights are owned and maintained by PG&E. Many cities, counties, or other government agencies maintain their own streetlights. For streetlights that are owned and maintained by PG&E, they charge monthly facilities charges to their customers who are municipalities and private businesses for the costs of owning, operating, and maintaining the various lamp types and size. Facilities charges range from \$6.370 to \$7.909 per lamp per month, for Classes A through F. Streetlight rates are based on cost studies conducted by PG&E and adopted by the CPUC in General Rate Cases.

Rates of Class A through Class F of PG&E-owned and maintained lighting installations are stated in Special Condition 4 of Electric Schedule LS-1.

The total monthly charge per lamp is equal to the sum of the facilities charge and energy charge. The monthly charge per lamp used for billing is calculated using unrounded facilities and energy charges. Each rate class has the same energy charge, only facilities charges change with class schedule.

Streetlight customers fall into different rate class schedules depending on whether customers or PG&E pays for light installation charges, light positions on the posts, and post materials.

#### **Class A (Schedule LS-1A) and Class B (Schedule LS-1B)**

Streetlights may be installed on poles solely intended for street lights or they may be installed on distribution poles. Prior to September 11, 1978, PG&E did not have separate street lighting rates for luminaires mounted on streetlight-only poles. Lights on streetlight-only poles were assigned to Schedule LS-1A or LS-1B and assessed a pole charge. LS-1A lights were installed at PG&E's expense. LS-1B lights were installed at customers' expenses.

### Classes D, E, and F

In 1978, PG&E created separate rate classes D, E, and F for lights on streetlight-only poles, and Schedule LS-1A was closed to new installations on street light-only poles, but not for lights on distribution poles. Existing lights on streetlight-only poles were allowed to remain on the lower LS-1A rate if they were installed on or before September 11, 1978.

On the other hand, Schedule LS-1B was closed for new installation for both streetlight-only poles and distribution poles. Customers who were placed on LS-1B remained on that schedule for both streetlight-only and distribution poles. PG&E indicated a total of 33 LS-1B lights remain active in the PG&E system, 29 on streetlight-only poles.

Below are descriptions of Class D, E, and F streetlights:

- Class D applies to post-top mounts only. Post-top light fixtures are generally decorative in nature and not intended for broad coverage.
- Class E lights are commonly non-decorative roadway lighting. Class E streetlight poles are non-wood.
- Between 1978 and 2006, Class F was limited to installations on wood poles with non-post top installations. The limitation to wood pole only installations was removed with tariff changes effective March 1, 2006, by D.05-11-005 and reflects additional installation options for streetlight customers.

### Monthly Energy Charge Calculation

Monthly energy charges are based on the kWh usage of each lamp. Monthly energy charges per lamp are calculated using the following formula:  
 $(\text{lamp wattage} + \text{ballast wattage}) \times 4,100 \text{ hours}/12 \text{ months}/1000 \times \text{streetlight energy rate per kilowatt hour (kWh)}$ , where ballast wattage = ballast factor  $\times$  lamp wattage.

Rates are based on all-night services with an average of approximately 11 hours per night and 4,100 hours per year. The types and wattage rating of the lamps determines the energy charge per lamp per month.

### Customer Complaint that led to PG&E's Discovery of Tariff Language Discrepancy

In Decision D.83-12-068, the CPUC adopted a suggestion made by the California City/County Street Light Association (CAL-SLA) for PG&E to propose an unbundled rate design for streetlighting in its next general rate case. Unbundling refers to unbundled rates consisting of charges for energy, facilities and miscellaneous items (e.g., pole painting, customer services, and maintenance).

PG&E's Application A.86-04-012 included a proposal to reassign lights on streetlight only poles from Schedule LS-1A and LS-1B to Schedules LS-1D, E and F to more accurately reflect the type of service being provided. In D.86-12-091, the CPUC

supported PG&E's proposal. The CPUC concluded that street lights on streetlight-only poles should be reassigned. The body of the decision also noted that "customers will continue to be billed for street lights under their current schedules until reassignment by PG&E. We expect PG&E to have its reassignment of streetlights complete by June 1, 1987."

However, in August 2011, a PG&E customer requested a rate change and a billing adjustment based on Special Condition 4 in the tariff, which still assigned Class A rates to "all lights formerly served under Schedule LS-1, Class A, as of September 11, 1978." At that point, PG&E initiated an investigation. PG&E discovered that this language in Special Condition 4 of Schedule LS-1 is inconsistent with the actual facilities rates that PG&E charges former Class A customers with streetlight-only poles that were installed on or before September 11, 1978. That is, PG&E has complied with D.86-12-091 and reassigned most of their former Schedule LS-1A and LS-1B customers to Schedules LS-1D, E, and F, with higher facility charges/month, but failed to revise Special Condition 4. Hence, PG&E proposes in this advice letter to delete the italicized phrase in Special Condition 4 below to make the tariff language consistent with CPUC decision.

PG&E's Electric Rate Schedule LS-1, Special Condition 4 reads as follow:

4. DESCRIPTION OF SERVICE PROVIDED:

The following describes lighting facilities only. Lighting facilities payments, and service connections and payments, are described in special conditions 7, 8 and 9.

Class A: PG&E owns and maintains luminaire, control facilities, support arm, and service wiring on its existing distribution pole, *and all lights formerly served under Schedule LS-1, Class A, as of September 11, 1978.* There is no installation charge for this class for standard (non-decorative) High Pressure Sodium (HPS) luminaires. For LED installations the Customer shall pay to PG&E in advance a non-refundable amount equal to PG&E's estimated installed cost difference between the LED luminaire and the non-decorative HPS luminaire that PG&E has determined to have equivalent light output. Only luminaires selected by PG&E are eligible for installation under LS-1, except as addressed in Special Condition 12.

Because of the confusing tariff language, PG&E proposes to refund 804 former Schedule LS-1A customers with approximately 31,728 streetlight poles who are now paying higher facilities charges on rate classes D, E, or F.

On the other hand, PG&E indicated that there are still approximately 6,578 streetlight-only poles remain on Schedule LS-1A and 29 lights still remain on Schedule LS-1B.

PG&E proposes to correct the facilities charges for these lights and reassign them to the appropriate rate schedules going forward, if this requested tariff change is approved. This will result in bill increases for these customers.

### **NOTICE**

Notice of AL 3975-E was made by publication in the CPUC's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

### **PROTESTS**

The CPUC received no protests.

### **DISCUSSION:**

**CPUC staff makes recommendations to correct electric tariff language to make it consistent with D.86-12-091, protect ratepayers from overcharges due to inapplicable rate schedules, and align services with the appropriate rate schedules.**

#### **Correct Electric Tariff Language to Make it Consistent with CPUC Decision**

PG&E reassigned street light-only accounts to Schedules LS-1D, E and F in accordance with D.86-12-091, however, their electric tariff still includes "all lights formerly served under Schedule LS-1, Class A, as of September 11, 1978," in their current Class A rate schedule. This creates ambiguity in the tariff language and confusion for the ratepayers. In fact, 804 customers have been placed in the wrong rate schedules and overbilled according to the tariff. Thus, it is reasonable for PG&E to remove that phrase in Special Condition 4 of the tariff language quoted above to comply with D.86-12-091.

#### **Protect Ratepayers from Overcharges due to Inapplicable Rate Schedule**

PG&E's Electric Rule 17.1 defines a clerical error or an inapplicable rate schedule as a billing error and states that when a service has been overcharged due to a billing error, "PG&E will calculate the overcharge for refund to the Customer, for a period of three years. " Therefore, a credit on facilities charges is fair and reasonable according to the tariff. PG&E should provide credits on facilities charges retroactively, for the last three years, to former Schedule LS-1A customers who are now paying facilities charges on classes D, E, or F rates, for the amounts are in excess of the Schedule LS-1A rates.

There are 804 customers on approximately 31,728 streetlight poles affected by this issue. These customers will remain in classes D, E, or F rate schedules after tariff correction. However, the net refund to these customers due to PG&E failed to revise the tariff before placing them in higher rate schedules could amount to approximately \$1.5 million.

Support D.86-12-091 to Align Services with the Appropriate Rate Schedules

On December 22, 1986, CPUC approved PG&E's request in D.86-12-091 to reassign streetlights on streetlight-only poles to Schedules LS-1D, E, and F. Therefore, it is reasonable for the CPUC to grant the reassignments requested in this Advice Letter. PG&E indicated that there are a total of 6,607 lights on streetlight-only poles that require reassignment (6,578 lights on Schedule LS-1A and 29 lights on Schedule LS-1B). Tables below indicate the amounts of additional cost per light per month for Class D, E, and F customers that have streetlights on streetlight-only poles. PG&E will receive a total of \$5,667.03 per month of additional revenue after the reassignments.

Facilities Charges by Rate Class				
Class	A	D	E	F
Facilities Charge	\$6.370	\$7.243	\$6.855	\$7.909

Reassign Schedule LS-1A to Schedules D, E, and F			
Schedule	No. of Lights	Additional Facilities Charge/month	Totals
LS-1D	248	\$0.87	\$215.76
LS-1E	4113	\$0.49	\$2,015.37
LS-1F	2217	\$1.54	\$3,414.18
Total	6578		\$5,645.31

Reassign Schedule LS-1B to Schedules D, E, and F			
Schedule	No. of Lights	Additional Charge/month	Totals
LS-1D	17	\$0.87	\$14.79
LS-1E	11	\$0.49	\$5.39
LS-1F	1	\$1.54	\$1.54
Total	29		\$21.72

**SUMMARY**

PG&E's requests are consistent with D.86-12-091, and they are in the best interests of the ratepayers. Therefore, the CPUC should grant the requests in the advice letter.

## **COMMENTS**

P.U. Code § 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the CPUC. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

All parties in the proceeding have stipulated to waive the 30-day waiting period required by P.U. Code § 311(g)(1) and the opportunity to file comments on the draft resolution. Accordingly, this matter will be placed on the CPUC's agenda directly for prompt action.

## **FINDINGS**

1. By Advice Letter 3975-E dated December 21, 2011, PG&E requested authority to:  
1) revise Special Condition 4 of Electric Rate Schedule LS-1; 2) credit 804 customers on approximately 31,728 streetlight poles for \$1.5 million; and 3) correct the facilities charges on approximately 6,607 lights on streetlight-only poles by reassigning them from Schedules LS-1A and LS-1B to Schedules LS-1D, E, and F.
2. Rates of Class A through Class F of PG&E-owned and maintained lighting installations are determined in Special Condition 4 of Electric Schedule LS-1.
3. The total monthly charge per lamp is equal to the sum of the facilities charge and the energy charge. Each rate class has the same energy charge; only facilities charges change with class schedule.
4. Prior to September 11, 1978, PG&E did not have separate street lighting rates for luminaires mounted on street light-only poles.
5. In 1978, PG&E created separate rate classes D, E and F for lights on streetlight-only poles.
6. In D.86-12-091, the CPUC supported PG&E's proposal to reassign lights on streetlight only poles from Schedules LS-1A and LS-1B to Schedules LS-1D, E and F.
7. PG&E discovered that Special Condition 4 of Schedule LS-1 is inconsistent with the facilities rates that they charge former Class A customers with streetlight-only poles that were installed on or before September 11, 1978.
8. Approximately 6,607 lights on streetlight-only poles which were installed on or before September 11, 1978, still remained on Schedule LS-1A and Schedule LS-1B. PG&E will receive \$5,667.03 per month of additional revenue due to the reassignments.

9. There are 804 customers with approximately 31,728 street light poles affected by the inapplicable rate schedule. These customers will remain in classes D, E, or F rate schedules after tariff correction. However, the net refund to these customers due to PG&E's failure to revise the tariff before placing them in higher rate schedules could amount to approximately \$1.5 million.
10. The CPUC should approve and grant these requests.

**THEREFORE, IT IS ORDERED THAT:**

1. PG&E's requests to revise Special Condition 4 of Electric Rate Schedule LS-1, credit 804 customers with approximately 31,728 streetlight poles for \$1.5 million, and to correct the facilities charges on approximately 6,607 lights on streetlight-only poles by reassigning these customers from Schedule LS-1A and Schedule LS-1B to Schedules LS-1D, E, F are approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on February 28, 2013; the following Commissioners voting favorably thereon:

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PAUL CLANON  
Executive Director